

Index of Topics

These topics provide you with general information. For additional information visit www.irs.gov. To read the text in English select the link immediately below the title of each article.

You may also wish to consult with your tax preparer.

At the end of each topic, you may return to the main index. Once finished click the back arrow to return to the main IRS page.

1.1	Are you newly arrived in the United States?	3
2.1	General Information: Do I have to File a Return?	4
2.1.2	Filing Status.....	5
2.2	2009 Filing Requirements for Most Taxpayers.....	7
2.4	Social Security Numbers	8
2.4.1	Individual Taxpayer Identification Number	9
2.5	Which Form should I use?.....	10
2.5.4	Does my return have to be on paper?	14
2.7.1	When do I have to file?	15
2.7.2	Where do I file?.....	16
3.1.4	What type of income should be reported to the IRS?.....	17
3.1.6	Signatures	18
3.2	Paid Preparer	19
3.2.1.1	How to Select a Tax Preparer, Tips from the IRS	20
3.3.2	Third party designee	21
3.5	Free File - Your Link to Free Federal Online Filing	22
5.3	Amount you owe	23
5.7.1	Refund Information	24
7.3.1	Earned Income Tax Credit	25
7.5	Life Cycle Brochure, Publication 4156.....	26
8.	Taxpayer Advocate Service Have a problem...Need help?	27
8.1	Contact the Taxpayer Advocate Service	28
8.2	Who may use the Taxpayer Advocate Service?	29
8.3	What can I expect from the Taxpayer Advocate Service?	30
8.4	What information should I provide to the Taxpayer Advocate Service?	31
11.1	Identity Theft and Your Tax Records.....	32

11.2	How to Report and Identify Phishing, E-mail Scams.....	34
14	Criminal Investigation, Overview, General Tax Fraud	35
14.1	Types of Fraudulent Activities	36
14.2	How Do You Report Suspected Tax Fraud Activity?	37
14.3	Overview - Abusive Return Preparer	38
14.3.1	Definition – Abusive Return Preparer.....	39
14.3.2	Return Preparation and Electronic Filing - Abusive Return Preparer	40
14.3.3	Tactics Used by Dishonest Abusive Return Preparers	41
15.	The Examination (Audit) Process	42
15.1	Taxpayer Rights	43
15.2	How Returns Are Selected for Examination	44
15.3	Examination Methods.....	45
15.4	Appeal Rights	46

1.1 *Are you newly arrived in the United States?*

If you are new to the United States, you will need to know your tax filing responsibilities. On this page you will find answers about filing a U.S. Federal Income Tax Return.

How do I know if I am responsible for filing a federal income tax return?

Does my immigration status determine whether I must pay taxes or not?

What benefits do I receive from filing a tax return?

Are there penalties for not filing a return?

Everyone who resides in the United States, receives income and meets certain requirements is responsible for filing a federal income tax return. Filing requirements are not determined by your immigration status, but depend on your income and other factors. Paying taxes and filing a return is the law, and not meeting this requirement can subject you to civil and criminal penalties.

The law requires an identification number for each person whose name appears on the tax return. Generally, a Social Security Number, issued by the Social Security Administration is the number which appears on the tax return.

If a taxpayer is required to file a tax return but does not meet the necessary requirements to obtain a Social Security Number, the taxpayer may obtain an Individual Taxpayer Identification Number in order to file a return. Individual Taxpayer Identification Numbers are issued by the Internal Revenue Service and are for tax filing purposes only.

You can prepare and file your tax return yourself, or you can seek help from a professional tax preparer. If you pay someone to prepare your return, that person must sign the return. The tax return can be prepared on paper forms and mailed or can be filed electronically.

Additional resources:

[Your Rights as a Taxpayer, Publication 1](#)

- ❖ If you are new to the United States, you will need information on your federal tax filing responsibility. Know if you meet the filing requirements, what identification numbers you will need and if your immigration status determines, or not your filing requirements.

[Return to index](#)

2.1 General Information: *Do I have to File a Return?*

<http://www.irs.gov/pub/irs-pdf/p17.pdf>, pg. 7

You must file a federal income tax return if you are a citizen or resident of the United States or a resident of Puerto Rico and you meet the filing requirement for any of the following categories that apply to you.

1. Individuals in general.
2. Dependents
3. Certain children under age 19 or full-time students.
4. Self-employed persons.
5. Aliens.

If you are a U.S. citizen or resident, whether you must file a return depends on three factors:

1. Your gross income,
2. Your filing status, and
3. Your age.

- ❖ You must file a federal income tax return if you are a citizen or resident of the United States or a resident of Puerto Rico and you meet certain filing requirements.

[Return to index](#)

2.1.2 Filing Status

<http://www.irs.gov/pub/irs-pdf/p17.pdf> pages 21-24

Everyone who files a federal tax return must determine which filing status applies to them. It's important you choose your correct filing status as it determines your standard deduction, the amount of tax you owe and ultimately, any refund owed to you.

You must determine your filing status before you can determine your filing requirements, standard deduction and correct tax. You can also use your filing status in determining whether you are eligible to claim certain deductions and credits.

There are five filing statuses.

Marital Status

In general, your filing status depends on whether you are considered unmarried or married. For federal tax purposes, a marriage means only a legal union between a man and a woman as husband and wife.

Married persons. If you are considered married for the whole year, you and your spouse can file a joint return, or you can file separate returns.

Considered married. You are considered married for the whole year if on the last day of your tax year you and your spouse meet any one of the following tests.

1. You are married and living together as husband and wife.
2. You are living together in a common law marriage that is recognized in the state where you now live or in the state where the common law marriage began.
3. You are married and living apart, but not legally separated under a decree of divorce or separate maintenance.
4. You are separated under an interlocutory (not final) decree of divorce. For purposes of filing a joint return, you are not considered divorced.

Single

Your filing status is single if, on the last day of the year, you are unmarried or legally separated from your spouse under a divorce decree or separate maintenance decree, and you do not qualify for another filing status.

Married Filing Jointly

You can choose married filing jointly as your filing status if you are married and both you and your spouse agree to file a joint return. On a joint return, you report your combined income and deduct your combined allowable expenses. You can file a joint return even if one of you had no income or deductions.

Married Filing Separately

You can choose married filing separately as your filing status if you are married. This filing status may benefit you if you want to be responsible only for your own tax or if it results in less tax than filing a joint return.

If you and your spouse do not agree to file a joint return, you may have to use this filing status unless you qualify for head of household status.

Head of Household

You may be able to file as head of household if you meet all the following requirements.

1. You are unmarried or “considered unmarried” on the last day of the year.
2. You paid more than half the cost of keeping up a home for the year.
3. A “qualifying person” lived with you in the home for more than half the year (except for temporary absences, such as school). However, if the “qualifying person” is your dependent parent, he or she does not have to live with you.

Qualifying Widow(er) with dependent Child

If your spouse died in 2009, you can use married filing jointly as your filing status for 2009 if you otherwise qualify to use that status. The year of death is the last year for which you can file jointly with your deceased spouse.

You may be able to use qualifying widow(er) with dependent child as your filing status for 2 years following the year your spouse died. For example, if your spouse died in 2008, and you have not remarried, you may be able to use this filing status for 2009 and 2010.

- ❖ Everyone who files a federal tax return must determine which filing status applies to them. The filing status determines your standard deduction, the amount of tax you owe and any refund owed to you.

[Return to index](#)

2.2 2009 Filing Requirements for Most Taxpayers

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 6 – Table 1-1

IF your filing status is...	AND at the end of 2009 you were...	THEN file a return if your gross income was at least...
Single	Under 65	\$ 9,350
	65 or older	\$ 10,750
married filing jointly	under 65 (both spouses)	\$18,700
	65 or older (one spouse)	\$19,800
	65 or older (both spouses)	\$20,900
married filing separately	any age	\$3,650
head of household	under 65	\$12,000
	65 or older	\$ 13,400
Qualifying widow(er) with dependent child	under 65	\$ 15,050
	65 or older	\$16,150

[Return to index](#)

2.4 Social Security Numbers

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 14

You must enter your social security number (SSN) in the space provided on your return. Be sure the SSN on your return is the same as the SSN on your social security card. If you are married, enter the SSNs for both you and your spouse.

If you are filing a joint return, write the SSNs in the same order as the names. Use this order in submitting other forms and documents to the IRS.

Name change. If you changed your name because of marriage, divorce, etc., be sure to report the change to your Social Security Administration (SSA) office before filing your return. This prevents delays in processing your return and issuing refunds. It also safeguards your future social security benefits.

Dependent's social security number. You must provide the SSN for each dependent you claim, regardless of the dependent's age. This requirement applies to all dependents (not just your children) claimed on your tax return.

SSN on correspondence. If you write to the IRS about your tax account, be sure to include your SSN (and the name and SSN of your spouse, if you filed a joint return) in your correspondence. Because your SSN is used to identify your account, this helps the IRS respond to your correspondence promptly.

- ❖ A Social Security Number is required for filing a federal income tax return. The Social Security Administration issues these numbers.

[Return to index](#)

2.4.1 *Individual Taxpayer Identification Number*

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 13

Nonresident alien spouse. If your spouse is a nonresident alien, your spouse must have either an SSN or an ITIN if:

You file a joint return,
You file a separate return and claim an exemption for your spouse, or
Your spouse is filing a separate return.

If your spouse is not eligible for an SSN please read the information on Individual Taxpayer Identification Numbers.

ITIN The IRS will issue you an ITIN if you are a nonresident or resident alien and you do not have and are not eligible to get an SSN. This also applies to an alien spouse or dependent. To apply for an ITIN, file Form W-7 with the IRS. It usually takes about 6 weeks to get an ITIN. Enter the ITIN on your tax return wherever an SSN is requested.

If you are applying for an ITIN for yourself, your spouse, or a dependent in order to file your tax return, attach your completed tax return to your Form W-7. See the W-7 instructions for how and where to file.

An ITIN is for tax use only. It does not entitle you or your dependent to social security benefits or change the employment or immigration status of either of you under U.S. law.

- ❖ The IRS will issue you an ITIN if you are a nonresident or resident alien and you do not have and are not eligible to get an SSN.

[Return to index](#)

2.5 Which Form should I use?

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 9

Form 1040EZ

Form 1040EZ is the simplest form to use.

You can use Form 1040EZ if all of the following apply.

1. Your filing status is single or married filing jointly. If you were a nonresident alien at any time in during the year, your filing status must be married filing jointly.
2. You (and your spouse if married filing a joint return) were under age 65 and not blind at the end of 2009. If you were born on January 1, 1945, you are considered to be age 65 at the end of 2009.
3. You do not claim any dependents.
4. Your taxable income is less than \$100,000.
5. Your income is only from wages, salaries, tips, unemployment compensation, Alaska Permanent Fund dividends, taxable scholarship and fellowship grants, and taxable interest of \$ 1,500 or less.
6. You did not receive any advance earned income credit (EIC) payments.
7. You do not claim any adjustments to income, such as a deduction for IRA contributions or student loan interest.
8. You do not claim any credits other than the earned income credit or the making work pay credit.
9. You do not owe any household employment taxes on wages you paid to a household employee.
10. You are not claiming the additional standard deduction for real estate taxes, taxes on the purchase of a new motor vehicle, or disaster losses.

You must meet all of these requirements to use Form 1040EZ. If you do not, you must use Form 1040A or Form 1040.

Figuring tax. On Form 1040EZ, you can use only the tax table to figure your tax. You cannot use Form 1040EZ to report any other tax.

Form 1040A

If you do not qualify to use Form 1040EZ, you may be able to use Form 1040A.

You can use Form 1040A if all of the following apply.

1. Your income is only from wages, salaries, tips, IRA distributions, pensions and annuities, taxable social security and railroad retirement benefits, taxable scholarship and fellowship grants, interest, ordinary dividends (including Alaska Permanent Fund dividends), capital gain distributions, and unemployment compensation.
2. Your taxable income is less than \$100,000.
3. Your adjustments to income are for only the following items.
 - a) Educator expenses.
 - b) IRA deduction.
 - c) Student loan interest deduction.
 - d) Tuition and fees deduction.
4. You do not itemize your deductions.
5. Your taxes are from only the following items.
 - a) Tax Table.
 - b) Alternative minimum tax.
 - c) Advance earned income credit.
 - d) Recapture of an education credit.
 - e) Form 8615, Tax for Certain Children Who Have Investment Income of More Than \$ 1,900.
 - f) Qualified Dividends and Capital Gain Tax Worksheet.
6. You claim only the following tax credits.
 - a) The credit for child and dependent care expenses.
 - b) The credit for the elderly or the disabled.
 - c) The child tax credit.
 - d) The additional child tax credit.
 - e) The education credits.
 - f) The retirement savings contributions credit.
 - g) The earned income credit.
 - h) The making work pay credit.
 - i) The government retiree credit.
7. You did not have an alternative minimum tax adjustment on stock you acquired from the exercise of an incentive stock option.

You must meet all of the above requirements to use Form 1040A. If you do not, you must use Form 1040.

If you meet the above requirements, you can use Form 1040A even if you received employer-provided dependent care benefits or claim the additional standard deduction for real estate taxes paid, or for taxes paid on the purchase of a new motor vehicle.

Form 1040

If you cannot use Form 1040EZ or Form 1040A, you must use Form 1040. You can use Form 1040 report all types of income, deductions, and credits.

You may have received Form 1040A or Form 1040EZ in the mail because of the return you filed last year. If your situation has changed this year, it may be to your advantage to file Form 1040 instead. You may pay less tax by filing Form 1040 because you can take itemized deductions, some adjustments to income, and credits you cannot take on Form 1040A or Form 1040EZ.

You must use Form 1040 if any of the following apply:

1. Your taxable income is \$100,000 or more.
2. You itemize your deductions.
3. You had income that cannot be reported on Form 1040EZ or Form 1040A, including tax-exempt interest from private activity bonds issued after August 7, 1986.
4. You claim any adjustments to gross income other than the adjustments listed earlier under Form 1040A.
5. Your Form W-2, box 12, shows uncollected employee tax (social security and Medicare tax) on tips or group-term life insurance.
6. You received \$20 or more in tips in any 1 month and did not report all of them to your employer.
7. You were a bona fide resident of Puerto Rico and exclude income from sources in Puerto Rico.
8. You claim any credits other than the credits listed earlier under Form 1040A.
9. You owe the excise tax on insider stock compensation from an expatriated corporation.
10. Your Form W-2 shows an amount in box 12 with code Z.
11. You had a qualified health savings account funding distribution from your IRA.
12. You are an employee and your employer did not withhold social security and Medicare tax.
13. You have to file other forms with your return to report certain exclusions, taxes, or transactions.
14. You are a debtor in a bankruptcy case filed after October 16, 2005.

15. You have a net disaster loss attributable to a federally declared disaster, even if you are claiming the standard deduction.

- ❖ Your income level, deductions and other factors will determine which form you should use to file your tax return.

[Return to index](#)

2.5.4 Does my return have to be on paper?

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 10

You may be able to file a paperless return using IRS e-file (electronic filing). If your 2009 adjusted gross income (AGI) is \$57,000 or less, you are eligible for Free File. If you do not qualify for Free File, then you should check out the Partners Page on www.irs.gov for low cost e-file options.

Benefits of IRS e-file

- Free File allows qualified taxpayer to prepare and e-file their tax returns for free.
 - Free File is available in English and Spanish.
 - Free File is available online 24 hours a day, 7 days a week.
 - Get your refund faster than paper filers do, in as little as 10 days with Direct Deposit.
 - Sign electronically with a secure self-selected PIN number and file a completely paperless return.
 - Receive an e-mailed proof of receipt within 48 hours after the IRS receives your return.
 - If you owe, you can e-file and authorize an electronic funds withdrawal or pay by credit card. You can also file a return early and pay the amount you owe later.
 - Save time by preparing and e-filing federal and state returns together.
 - IRS computers quickly and automatically check for errors or other missing information.
 - Help the environment, use less paper, and save taxpayer money – it costs less to process and e-filed return than a paper return.
- ❖ You may be able to file a paperless return using IRS e-file (electronic filing). Check out the benefits of filing your return electronically.

[Return to index](#)

2.7.1 *When do I have to file?*

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 11

April 15, 2010 is the due date for filing your 2009 income tax return if you are using the calendar year. For a quick view of due dates for filing a return with or without an extension of time to file.

If you use a fiscal year (a year ending on the last day of any month except December, or a 52-53 week year), your income tax return is due by the 15th day of the 4th month after the close of your fiscal year.

- ❖ April 15, 2010 is the due date for filing your 2009 income tax return if you are using the calendar year.

[Return to index](#)

2.7.2 *Where do I file?*

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 18

After you complete your return, you must send it to the IRS. You can mail it or you may be able to file it electronically.

Mailing your return. If an addressed envelope came with your tax forms package, you should mail your return in that envelope.

If you do not have an addressed envelope or if you moved during the year, mail your return to the address shown at the end of this publication for the area where you now live.

- ❖ After completing your return, you must send it to the IRS. The return can be submitted electronically or it can be mailed.

[Return to index](#)

3.1.4 *What type of income should be reported to the IRS?*

Various types of income should be included in gross income and reported to the IRS

What type of income should be reported?

As a general rule, gross income includes all amounts received as payment for personal services rendered. This is considered earned income.

An exact accounting of all income not subject to withholding at the source is required to be kept by the person receiving the income. Income received from self employment is also considered earned income.

Besides earned income, what other income should be reported?

In addition to income received as an employee, there are other types of taxable income which should be reported on the tax return.

Reportable income includes

- Salaries, wages
- Commissions
- Honorariums
- Fringe benefits
- Tips
- Stock purchase options
- Interest
- Dividend
- Partnership distribution
- Capital gain distribution
- Retirement income
- Unemployment income
- Gambling winnings
- Foreign earned income

Should unemployment benefits be included in the tax return?

All unemployment benefits should be reported on the tax return.

- ❖ In addition to wages and salaries, other types of income must also be reported on a tax return.

[Return to index](#)

3.1.6 Signatures

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 15

You must sign and date your return. If you file a joint return, both you and your spouse must sign the return, even if only one of you had income.

If you are due a refund, it cannot be issued unless you have signed your return.

- ❖ A tax return must be signed in order to be considered valid. If you file a joint return, both spouses must sign the tax return.

[Return to index](#)

3.2 *Paid Preparer*

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 15

Generally, anyone you pay to prepare, assist in preparing, or review of your tax return must sign it and fill in the other blanks in the paid preparer's area of your return.

A paid preparer can sign the return manually or use a rubber stamp, mechanical device, or computer software program. The preparer is personally responsible for affixing his or her signature to the return.

If the preparer is self-employed (that is not employed by any person or business to prepare the return), he or she should check the self-employed box in the Paid Preparer's Use Only space on the return.

The preparer must give you a copy of your return in addition to the copy filed with the IRS.

If you prepare your own return, leave this area blank. If another person prepares your return and does not charge you, that person should not sign the return.

If you have questions about whether a preparer must sign your return, contact any IRS office.

- ❖ Generally, anyone you pay to prepare, assist, or review your tax return must sign the return in the space provided for the paid preparer.

[Return to index](#)

3.2.1.1 *How to Select a Tax Preparer, Tips from the IRS*

Every taxpayer is legally responsible for all the information entered on a tax return. Tax evasion is risky and is a crime which can be punishable by a maximum of five years in prison and a fine of \$250,000.

It does not matter who prepares the return, the taxpayer is ultimately responsible. Be sure you carefully choose your return preparer.

Remember:

- The law requires a paid preparer to sign the return and complete the information in the space provided for paid preparers.
- The preparer is required to provide you with a copy of the return.
- Check all information: name, address, social security numbers, ITIN numbers and be sure you understand all the amounts before you sign.
- Never sign a blank return, or sign a return in pencil.
- You can file a power of attorney with the IRS and request the IRS send a copy of any correspondence to your preparer, or request that your refund check be sent to your preparer, even though only you can sign and cash the refund check.
- Check out who will prepare your return before contracting the service. Avoid businesses who delegate the work to an employee who did not interview you and may lack information necessary to prepare your return correctly.
- Select a preparer who will be available to assist you in the future, in case you receive correspondence from the IRS or your return is selected for audit.
- Avoid preparers who guarantee they can obtain a larger refund than other preparers. If your return is prepared correctly, any preparer should arrive at similar numbers.
- Check out your preparer's history with the Better Business Bureau, and state agency for certified public accountants and the state attorney general's office.
- Check your preparer's credentials, and insure the preparer meets your specific needs: enrolled preparer, public accountant or tax attorney.
- Check if your preparer is affiliated with a professional organization, and if that organization provides or requires their members to obtain a continuing education and requires they adhere to a code of ethics.

- ❖ If you select a professional tax preparer to prepare your return, the IRS offers you some tips for selecting this individual.

[Return to index](#)

3.3.2 *Third party designee*

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 15

You can authorize the IRS to discuss your return with a friend, family member, or any other person you choose. If you check the “Yes” box in the *Third party designee* area of your 2009 tax return and provide the information required, you are authorizing:

1. The IRS to call the designee to answer any questions that arise during the processing of your return, and
2. The designee to
 - a) Give information that is missing from your return to the IRS,
 - b) Call the IRS for information about the processing of your return or the status of your refund or payments,
 - c) Receive copies of notices or transcripts related to your return, upon request, and
 - d) Respond to certain IRS notices about math errors, offsets, and return preparation.

The authorization will automatically end no later than the due date for filing your 20010 tax return. This is April 15, 2011 for most people.

If you want the paid preparer who signed your return to discuss it with the IRS, just enter “*Preparer*” in the same for the designee’s name.

- ❖ The IRS can discuss your return with a friend, family member, or any other person you choose. You must authorize this individual.

[Return to index](#)

3.5 **Free File - Your Link to Free Federal Online Filing**

<http://www.irs.gov/efile/article/0,,id=118986,00.html>

Free File is the fast, easy, and free way to prepare and e-file your **federal** taxes online.

The Free File program provides free federal income tax preparation and electronic filing for eligible taxpayers through a partnership between the Internal Revenue Service and the Free File Alliance LLC, a group of private sector tax software companies. Many companies offer free or paid state tax preparation and e-filing services. Some companies may not offer state tax preparation and e-file services for all states.

With all Free File options you can:

- File your taxes any hour of the day or night.
- Know that your return is safe and secure.
- Receive a quick IRS confirmation, within 48 hours, that your return was received.
- Get your refund in a few as 10 days with Direct Deposit.
- File a free federal extension.

How do you want to do your 2009 federal taxes?

Traditional Free File – step-by-step help.

- Free tax preparation and e-filing if your adjusted gross income is \$57,000 or less in 2009.
- Asks simple questions, puts your answers on the right forms.
- Does all the math for you.
- Checks for accuracy.
- Get quick access to the most commonly filed federal tax forms and schedules for Traditional Free File.
- Some software companies may offer state tax preparation; however, fees may apply.

Free File Fillable Forms - I want to fill in the tax forms and file them online without tax software.

- There are no income limitations.
- Looks like blank IRS forms. You choose, self-prepare, and e-file your 1040, 1040 A and 1040EZ return.
- Includes basic calculation capability.
- Get quick access to the most commonly filed federal tax forms and schedules for Free File Fillable Forms.
- Does NOT support state forms or State e-file.
- Returning users: To sign back into the Free File Fillable Forms, please click the link in the email sent to you when your account was created.

- ❖ Free File is the fast, easy, and free way to prepare and e-file your federal taxes online.

[Return to index](#)

5.3 *Amount you owe*

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 16

When you complete your return, you will determine if you have paid the full amount of tax that you owe. If you owe additional tax, you should pay it with your return.

How to Pay

If you have an amount due on your tax return, you can pay the check, money order, or credit card. If you filed electronically, you also may be able to make your payment electronically.

- ❖ Taxes due can be paid by check, money order, or credit card.

[Return to index](#)

5.7.1 *Refund Information*

<http://www.irs.gov/pub/irs-pdf/p17.pdf> page 18

You can go online to check that status of your 2009 refund, 72 hours after IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after you mail a paper return. If you filed Form 8379 with your return, allow 14 weeks (11 weeks if you filed electronically) before checking your refund status. Be sure to have a copy of your 2009 tax return available because you will need to know the filing status, the first SSN shown on the return, and the exact whole dollar amount of the refund. The check on your refund, do one of the following.

- Go to www.irs.gov, and click on [“Where’s My Refund”](#).
- Call 1-800-829-4477, 24 hours a day, 7 days a week for automated refund information.
- Call 1-800-829-1954 during the hours shown in your form instructions.

❖ You can check the status of your refund on the web or by calling the IRS.

[Return to index](#)

7.3.1 *Earned Income Tax Credit*

<http://www.irs.gov/individuals/article/0,,id=96406,00.html?portlet=7>

It's easier than ever to find out if you qualify for EITC

The Earned Income Tax Credit or the EITC is a refundable federal income tax credit for low to moderate income working individuals and families. Congress originally approved the tax credit legislation in 1975 in part to offset the burden of social security taxes and to provide an incentive to work. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit.

To qualify, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money to be obligated to file a tax return.

The EITC has no effect on certain welfare benefits. In most cases, EITC payments will not be used to determine eligibility for Medicaid, Supplemental Security Income (SSI), food stamps, low-income housing or most Temporary Assistance for Needy Families (TANF) payments.

Will you qualify for EITC this year?

Find out if you are eligible for the Earned Income Tax Credit by answering some questions and providing basic income information using the [EITC Assistant](#).

Childless Workers

You do not have to have a child to qualify for EITC, however, you must meet certain rules. Find out more here.

Special Rules

Special rules apply for calculating earned income for members of the U.S. Armed Forces in combat zones, members of the clergy, hurricane victims, and those with disability retirement income.

- ❖ The Earned Income Tax Credit is a refundable federal income tax credit for low to moderate income working individuals and families.

[Return to index](#)

7.5 *Life Cycle Brochure, Publication 4156*

<http://www.irs.gov/pub/irs-pdf/p4156.pdf>

- ❖ There are events in life that may have a significant tax impact; from birth through childhood.

[Return to index](#)

8. Taxpayer Advocate Service Have a problem...Need help?

<http://www.irs.gov/advocate/article/0,,id=97392,00.html>

The Taxpayer Advocate Service is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. The National Taxpayer Advocate, Nina Olson, heads the program. Each state and campus has at least one local Taxpayer Advocate, who is independent of the local IRS office and reports directly to the National Taxpayer Advocate. The goals of the Taxpayer Advocate Service are to protect individual and business taxpayer rights and to reduce taxpayer burden. The Taxpayer Advocate independently represents your interests and concerns within the IRS. This is accomplished in two ways:

- Ensuring that taxpayer problems which have not been resolved through normal channels, are promptly and fairly handled;
- Identifying issues that increase burden or create problems for taxpayers: Bringing those issues to the attention of IRS management and making legislative proposals where necessary.

❖ The Taxpayer Advocate Service is an independent organization within the IRS whose employees assist taxpayers in resolving tax problems.

[Return to index](#)

8.1 Contact the Taxpayer Advocate Service

<http://www.irs.gov/advocate/article/0,,id=97402,00.html>

Fax, write or call the Local Taxpayer Advocate Office!

- Taxpayers in the 48 contiguous States, Alaska and Hawaii
- Taxpayers in the Pacific US Territories (Guam, American Samoa and the Northern Mariana Islands)
- Taxpayers in the Caribbean US Territories (Puerto Rico & US Virgin Islands) and International

Call the Taxpayer Advocate Service Case Intake Line to see if you are eligible: 1-877-777-4778 or TTY/TTD: 1-800-829-4059.

A list of Taxpayer Advocate Service offices can also be found in Publication 1546, The Taxpayer Advocate Service of the IRS - How to Get Help With Unresolved Tax Problems.

You can also file [Form 911, Request for Taxpayer Advocate Service Assistance](#), with the Taxpayer Advocate Service, or request that an IRS employee complete Form 911 on your behalf. Fax or mail the form to your [Local Taxpayer Advocate](#).

- ❖ Locate your local Taxpayer Advocate Office. Offices are located in 48 states, Alaska and Hawaii.

[Return to index](#)

8.2 *Who may use the Taxpayer Advocate Service?*

<http://www.irs.gov/advocate/article/0,,id=97395,00.html>

The Taxpayer Advocate Service is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. You may be eligible for Taxpayer Advocate Service assistance if:

- You are experiencing economic harm or significant cost (including fees for professional representation),
- You have experienced a delay of more than 30 days to resolve your tax issue, or
- You have not received a response or resolution to the problem by the date that was promised by the IRS.

The service is free, confidential, tailored to meet your needs, and is available for businesses as well as individuals. There is at least one Local Taxpayer Advocate in each state, as well as in Puerto Rico and the District of Columbia. Because they are part of the IRS, Advocates know the tax system and how to navigate it. If you qualify, you will receive personalized service from a knowledgeable Advocate who will:

- Listen to your situation,
- Help you understand what needs to be done to resolve it, and
- Stay with you every step of the way until your problem is resolved.

Contact the [Taxpayer Advocate Service](#).

- ❖ Taxpayer Advocates know the tax system and will assist you in resolving difficult tax problems.

[Return to index](#)

8.3 *What can I expect from the Taxpayer Advocate Service?*

<http://www.irs.gov/advocate/article/0,,id=97394,00.html>

Your assigned Case Advocate will listen to your point of view and will work with you to address your concerns. You can expect the advocate to provide you with:

- An impartial and independent look at your problem;
- Timely acknowledgment;
- The name and phone number of the individual assigned to your case;
- Updates on progress;
- Time frames for action;
- Speedy resolution; and
- Courteous service.

- ❖ A Taxpayer Advocate will listen to you and work with you to resolve tax problems.

[Return to index](#)

8.4 *What information should I provide to the Taxpayer Advocate Service?*

<http://www.irs.gov/advocate/article/0,,id=97403,00.html>

- Your name, address, and social security number (or employer identification number),
- Your telephone number and hours you can be reached,
- Your previous attempts to solve the problem, and the office you contacted,
- The type of tax return and year(s) involved, and
- Description of the problem or hardship (if applicable).

If you want to authorize another person to discuss the matter or to receive information about your case, download [Form 2848](#) , **Power of Attorney and Declaration of Representative**. You may also download [Form 2848 Instructions](#) . Or, you may use [Form 8821](#) , **Tax Information Authorization** if you want another person to receive information about your case but not represent you. If you are unable to download and print these documents, you can get them at most local IRS offices or by calling the IRS forms-only number, 1-800-829-3676.

- ❖ To authorize a Taxpayer Advocate to work with you, you will need to provide your information. You may also authorize another person to discuss this matter on your behalf.

[Return to index](#)

11.1 ***Identity Theft and Your Tax Records***

<http://www.irs.gov/privacy/article/0,,id=186436,00.html>

IRS does not initiate communication with taxpayers through e-mail. Before identity theft happens, safeguard your information.

What do I do if the IRS contacts me because of a tax issue that may have been created by an identity theft?

If you receive a notice or letter in the mail from the IRS that leads you to believe someone may have used your Social Security number fraudulently, please respond immediately to the name, address, and/or number printed on the IRS notice.

Be alert to possible identity theft if the IRS issued notice or letter:

- states more than one tax return was filed for you, or
- indicates you received wages from an employer unknown to you.

An identity thief might also use your Social Security number to file a tax return in order to receive a refund. If the thief files the tax return before you do, the IRS will believe you already filed and received your refund if eligible.

[If your Social Security number is stolen](#), it may be used by another individual to get a job. That person's employer would report income earned to the IRS using your Social Security number, making it appear that you did not report all of your income on your tax return.

If you have previously been in contact with the IRS and have not achieved a resolution, please contact the IRS Identity Protection Specialized Unit, toll-free at 1-800-908-4490.

What do I do if I have not been contacted by IRS for a tax issue but believe I am a victim of identity theft?

If your tax records are not currently affected by identity theft, but you believe you may be at risk due to a lost/stolen purse or wallet, questionable credit card activity, credit report, or other activity, you need to provide the IRS with proof of your identity.

You should submit a copy, **not the original documents**, of your valid Federal or State issued identification, such as a social security card, driver's license, or passport, etc, along with a copy of a police report and/or a completed IRS Identity Theft Affidavit - [Form 14039](#).

Please send these documents using one of the following options:

Mailing address:

Internal Revenue Service
P.O. Box 9039
Andover, MA 01810-0939

FAX: Note that this is not a toll-free FAX number
1-978-247-9965

You may also contact the **IRS Identity Protection Specialized Unit**, toll-free 1-800-908-4490 for guidance.

Hours of Operation: Monday – Friday, 8:00 a.m. – 8:00 p.m. your local time (Alaska & Hawaii follow Pacific Time).

Additional IRS.gov resources

- [How to report and identify](#) phishing, e-mail scams and bogus IRS Web sites.
- If you are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, you may be eligible for [Taxpayer Advocate Service](#) assistance.
- If you do not prepare your own return, be careful in [choosing your tax preparer](#).
- [Repository](#) of IRS messages related to suspicious e-mails and identity theft.

Remember:

The IRS **does not initiate** communication with taxpayers through e-mail

- ❖ If you have been a victim of identity theft, you will need to contact the IRS, as well as take other steps.

[Return to index](#)

11.2 **How to Report and Identify Phishing, E-mail Scams**

<http://www.irs.gov/privacy/article/0,,id=179820,00.html>

The IRS does not initiate taxpayer communications through e-mail.

- The IRS does not request detailed personal information through e-mail.
- The IRS does not send e-mail requesting your PIN numbers, passwords or similar access information for credit cards, banks or other financial accounts.
- Report suspicious e-mails and bogus IRS Web sites to phishing@irs.gov.

If you receive an e-mail from someone claiming to be the IRS or directing you to an IRS site,

- Do not reply.
- Do not open any attachments. Attachments may contain malicious code that will infect your computer.
- Do not click on any links. If you clicked on links in a suspicious e-mail or phishing Web site and entered confidential information, visit our Identity Theft page.
- Use the following steps to report the e-mail or bogus Web site to the IRS.

How to report phishing, e-mail scams and bogus IRS Web sites

If you receive an e-mail or find a Web site you think is pretending to be the IRS,

- Forward the e-mail or Web site URL to the IRS at phishing@irs.gov.
- You can forward the message as received or provide the Internet header of the e-mail. The Internet header has additional information to help us locate the sender.
- After you forward the e-mail or header information to us, delete the message.

How to identify phishing e-mail scams and bogus IRS Web sites

- Sample of phishing e-mails
http://www.irs.gov/pub/irs-utl/phishing_email.pdf
http://www.irs.gov/pub/irs-utl/phishing_email2.pdf
- All IRS.gov Web page addresses begin with, <http://www.irs.gov/>.
- Is it a phishing Web site? – PDF http://www.irs.gov/pub/irs-utl/address_bar.pdf
- Are you a victim of Identity Theft?
- Contact the Federal Trade Commission at 1-877-IDTHEFT (438-4338)
- Visit the IRS Identity Theft resource page

You may also report misuse of the IRS name, logo, forms or other IRS property to the Treasury Inspector General for Tax Administration toll-free at 1-800-366-4484.

- ❖ The IRS does not initiate taxpayer communication through e-mail. Protect yourself from identity thieves, learn to identify scams.

[Return to index](#)

<http://www.irs.gov/compliance/enforcement/article/0,,id=106782,00.html>

The term voluntary compliance means that each of us is responsible for filing a tax return when required, and for determining and paying the correct amount of tax. Fortunately, the vast majority of Americans recognize their legal responsibility, and properly report and pay over their tax obligations.

The efforts of Criminal Investigation (CI) are directed at the portion of American taxpayers who willfully and intentionally violate their known legal duty of voluntarily file income tax returns and/or pay the correct amount of income, employment, or excise taxes. These individuals pose a serious threat to tax administration and the American economy.

The General Tax Fraud Program is Criminal Investigation's largest enforcement program encompassing a wide variety of investigations involving tax and money laundering crimes. This program includes investigations involving a broad spectrum of individuals and industries from all facets of the economy, from small business owners to self-employed to wage earning taxpayers. General Tax Fraud cases constitute the main component of CI's efforts to most directly influence taxpayer compliance with the Internal Revenue Code.

General Tax Fraud is the program from which CI identifies emerging areas of non-compliance in both Legal Source Tax Crimes and Illegal Source Financial Crimes. These emerging areas are instrumental in ensuring CI is focusing resources to most effectively achieve our mission.

- ❖ The term voluntary compliance means that each of us is responsible for filing a tax return when required, and for determining and paying the correct amount of tax.

[Return to index](#)

14.1 *Types of Fraudulent Activities*

<http://www.irs.gov/compliance/enforcement/article/0,,id=106785,00.html>

Although not all inclusive, listed below are some of the criminal activities in violations of the tax law:

- Deliberately underreporting or omitting income,
- Overstating the amount of deductions
- Keeping two sets of books
- Making false entries in books and records
- Claiming personal expenses as business expenses
- Claiming false deductions
- Hiding or transferring assets or income

❖ List of some of the criminal activities in violations of the tax law.

[Return to index](#)

14.2 **How Do You Report Suspected Tax Fraud Activity?**

<http://www.irs.gov/individuals/article/0,,id=106778,00.html>

If you suspect or know of an individual or company that is not complying with the tax laws, you may report this activity by completing [Form 3949-A](#). You may fill out Form 3949-A online, print it and mail it to:

Internal Revenue Service
Fresno, CA 93888

If you do not wish to use Form 3949-A, you may send a letter to the address above. Please include the following information, if available:

- Name and address of the person you are reporting
- The taxpayer identification number (social security number for an individual or employer identification number for a business)
- A brief description of the alleged violation, including how you became aware of or obtained the information
- The years involved
- The estimated dollar amount of any unreported income
- Your name, address and daytime telephone number

Although you are not required to identify yourself, it is helpful to do so. Your identity can be kept confidential.

How to Report Abusive Tax Promotions and/or Promoters:

- Complete the [referral form](#) which documents the information necessary to report an abusive tax avoidance scheme. The form can be mailed or faxed to the IRS address and fax number on the form.

Internal Revenue Service Lead Development Center
Stop MS5040 24000 Avila Road
Laguna Niguel, CA 92677

- or FAX (949) 389-5083

How to Report Abusive CPAs, Attorneys or Enrolled Agents:

- Report suspicious actions by tax professionals to the **IRS Office of Professional Responsibility** at opr@irs.gov.

- ❖ If you suspect or know of an individual or company that is not complying with the tax laws, you may report this activity.

[Return to index](#)

14.3 Overview - Abusive Return Preparer

<http://www.irs.gov/compliance/enforcement/article/0,,id=106712,00.html>

The IRS Criminal Investigation Return Preparer Program (RPP) was implemented in 1996, and established procedures to foster compliance by identifying, investigating and prosecuting abusive return preparers. The program was developed to enhance compliance in the return-preparer community by engaging in enforcement actions and/or asserting appropriate civil penalties against unscrupulous or incompetent return preparers. This is a significant problem for both the IRS and the taxpaying public. Abusive return preparers frequently prepare bad returns for large numbers of taxpayers who, at best, are stuck with paying additional taxes and interest and at worse, depending on culpability, are subject to penalties and maybe even criminal prosecution.

Taxpayers should be very careful when choosing a return preparer. You should be as careful as you would in choosing a doctor or a lawyer. While most preparers provide excellent service to their clients, a few unscrupulous return preparers file false and fraudulent tax returns and ultimately defraud their clients. It is important to know that even if someone else prepares your return, you are ultimately responsible for all the information on the tax return.

- ❖ Criminal Investigation Return Preparer Program (RPP) establishes procedures to foster compliance by identifying, investigating and prosecuting abusive return preparers.

[Return to index](#)

14.3.1 *Definition – Abusive Return Preparer*

<http://www.irs.gov/compliance/enforcement/article/0,,id=106713,00.html>

A Return Preparer is defined as any person (including a partnership or corporation) who prepares for compensation all or a substantial portion of a tax return or claim for refund under the income tax provisions of the Internal Revenue Code.

Return Preparer Fraud generally involves the orchestrated preparation and filing of false income tax returns (in either paper or electronic form) by unscrupulous preparers who may claim, for example:

- inflated personal or business expenses,
- false deductions, or
- unallowable credits or excessive exemptions, fraudulent tax credits, such as the Earned Income Tax Credit (EITC).

The preparers' clients may or may not have knowledge of the false expenses, deductions, exemptions and/or credits shown on their tax returns.

- ❖ A Return Preparer is defined as any person (including a partnership or corporation) who prepares for compensation all or a substantial portion of a tax return or claim for refund under the income tax provisions of the Internal Revenue Code

[Return to index](#)

14.3.2 *Return Preparation and Electronic Filing - Abusive Return Preparer*

<http://www.irs.gov/compliance/enforcement/article/0,,id=106767,00.html>

The advent of electronic filing of income tax returns and the availability of Refund Anticipation Loans (RAL) has provided additional means for abusive preparers to commit fraud.

Criminal Investigation, since 1977, has been screening suspected fraudulent returns. This is done by the Criminal Investigation Fraud Detection Centers (FDC) at each IRS campus where tax returns are filed. The purpose of the FDC is to detect refund fraud and return preparer schemes and refer them to the Criminal Investigation field offices for further investigation.

- ❖ The advent of electronic filing of income tax returns by electronic return transmitters has provided a new mechanism for unscrupulous preparers to commit fraud.

[Return to index](#)

14.3.3 *Tactics Used by Dishonest Abusive Return Preparers*

<http://www.irs.gov/compliance/enforcement/article/0,,id=106774,00.html>

Dishonest return preparers use a variety of methods to formulate fraudulent and illegal deductions for reducing taxable income. These include, but are not limited to, the following:

- Preparing fraudulent Schedule C, Profit or Loss from Business, claiming deductions for expenses that have not been paid by the taxpayer to offset Form 1099, Miscellaneous Income, or income earned from outside employment,
- Including false and inflated itemized deductions on Schedule A, Itemized Deductions, for:
 - charitable contributions
 - medical and dental expenses
- Claiming false Schedule E, Supplemental Income and Loss, losses
- Claiming false dependents

❖ Dishonest tax preparers use a variety of methods to formulate fraudulent and illegal deductions reducing taxable income.

[Return to index](#)

15. *The Examination (Audit) Process*

The IRS examines (audits) tax returns to verify that the tax reported is correct. Selecting a return for examination does not always suggest that the taxpayer has either made an error or been dishonest. In fact, some examinations result in a refund to the taxpayer or acceptance of the return without change.

The overwhelming majority of taxpayers files returns and make payments timely and accurately. Taxpayers have a right to expect fair and efficient tax administration from the IRS, including verification that taxes are correctly reported and paid with enforcement actions against those who fail to comply voluntarily.

- ❖ The IRS examines tax returns to verify the accuracy of the information reported.

[Return to index](#)

15.1 *Taxpayer Rights*

The IRS trains its employees to explain and protect taxpayers' rights throughout their contacts with taxpayers. These rights include:

- A right to professional and courteous treatment by IRS employees.
 - A right to privacy and confidentiality about tax matters.
 - A right to know why the IRS is asking for information, how the IRS will use it and what will happen if the requested information is not provided.
 - A right to representation, by oneself or an authorized representative.
 - A right to appeal disagreements, both within the IRS and before the courts.
- ❖ IRS employees explain and protect taxpayer's rights as they examine tax returns to verify the accuracy of the information reported.

[Return to index](#)

15.2 *How Returns Are Selected for Examination*

The IRS selects returns using a variety of methods, including:

- Potential participants in abusive tax avoidance transactions — some returns are selected based on information obtained by the IRS through efforts to identify promoters and participants of abusive tax avoidance transactions. Examples include information received from “John Doe” summonses issued to credit card companies and businesses and participant lists from promoters ordered by the courts to be turned over to the IRS.
- Computer Scoring — some returns are selected for examination on the basis of computer scoring. Computer programs give each return numeric “scores”. The Discriminant Function System (DIF) score rates the potential for change, based on past IRS experience with similar returns. The Unreported Income DIF (UIDIF) score rates the return for the potential of unreported income. IRS personnel screen the highest-scoring returns, selecting some for audit and identifying the items on these returns that are most likely to need review.
- Large Corporations — The IRS examines many large corporate returns annually.
- Information Matching — Some returns are examined because payer reports, such as Forms W-2 from employers or Form 1099 interest statements from banks, do not match the income reported on the tax return.
- Related Examinations — Returns may be selected for audit when they involve issues or transactions with other taxpayers, such as business partners or investors, whose returns were selected for examination.
- Other — Area offices may identify returns for examination in connection with local compliance projects. These projects require higher level management approval and deal with areas such as local compliance initiatives, return preparers or specific market segments.

❖ IRS selects returns for examination using a variety of methods.

[Return to index](#)

15.3 *Examination Methods*

An examination may be conducted by mail or through an in-person interview and review of the taxpayer's records. The interview may be at an IRS office (office audit) or at the taxpayer's home, place of business, or accountant's office (field audit). Taxpayers may make audio recordings of interviews, provided they give the IRS advance notice. If the time, place, or method that the IRS schedules is not convenient, the taxpayer may request a change, including a change to another IRS office if the taxpayer has moved or business records are there.

The audit notification letter tells which records will be needed. Taxpayers may act on their own behalf or have someone represent or accompany them. If the taxpayer is not present, the representative must have proper written authorization. The auditor will explain the reason for any proposed changes. Most taxpayers agree to the changes and the audits end at that level.

- ❖ Examination of tax returns may be conducted by mail or through an in-person interview and review of the taxpayer's records.

[Return to index](#)

15.4 *Appeal Rights*

Appeal Rights are explained by the examiner at the beginning of each audit. Taxpayers who do not agree with the proposed changes may appeal by having a supervisory conference with the examiner's manager or appeal their case administratively within the IRS, to the U.S. Tax Court, U.S. Claims Court or the local U.S. District Court. If there is no agreement at the closing conference with the examiner or the examiner's manager, the taxpayer has 30 days to consider the proposed adjustments and their next course of action. If the taxpayer does not respond within 30 days, the IRS issues a statutory notice of deficiency, which gives the taxpayer 90 days to file a petition to the Tax Court. The Claims Court and District Court generally do not hear tax cases until after the tax is paid and administrative refund claims have been denied by the IRS. The tax does not have to be paid to appeal within the IRS or to the Tax Court. A case may be further appealed to the U.S. Court of Appeals or to the Supreme Court, if those courts accept the case.

Examination of tax returns may be conducted by mail or through an in-person interview and review of the taxpayer's records.

[Return to index](#)